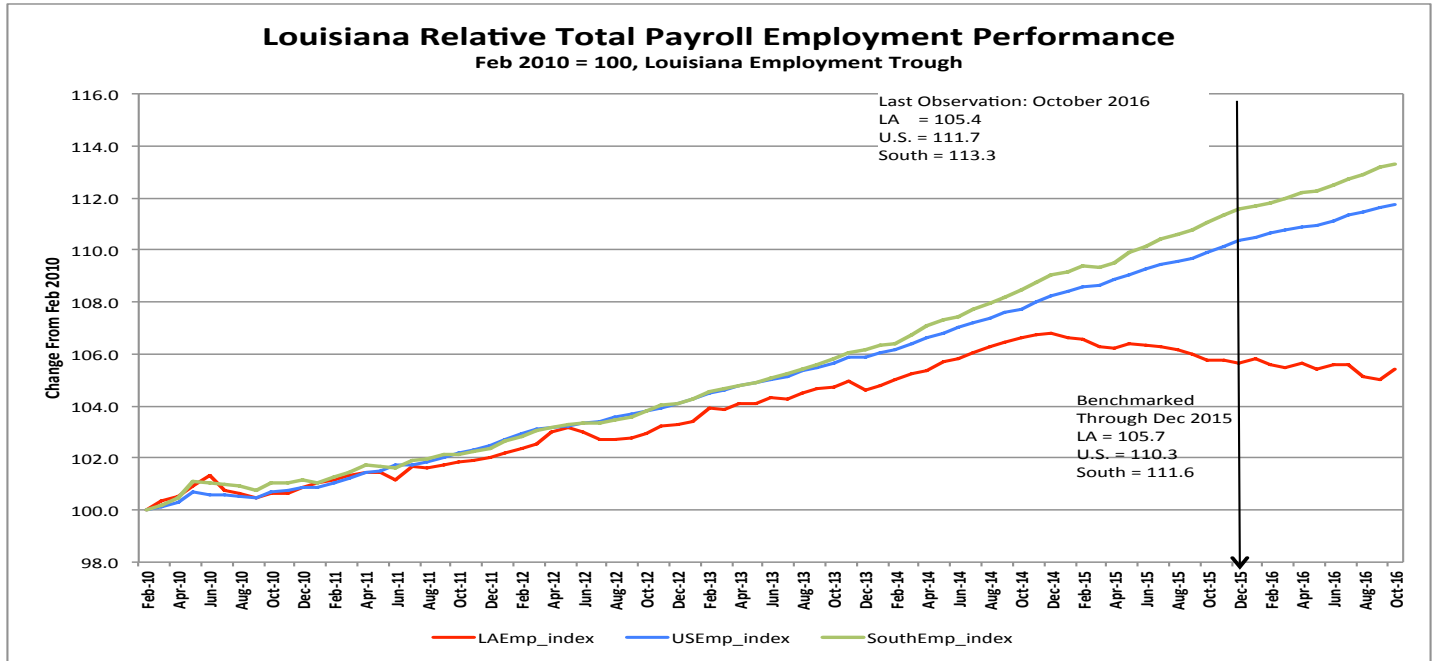


RELATIVE EMPLOYMENT PERFORMANCE, October 2016



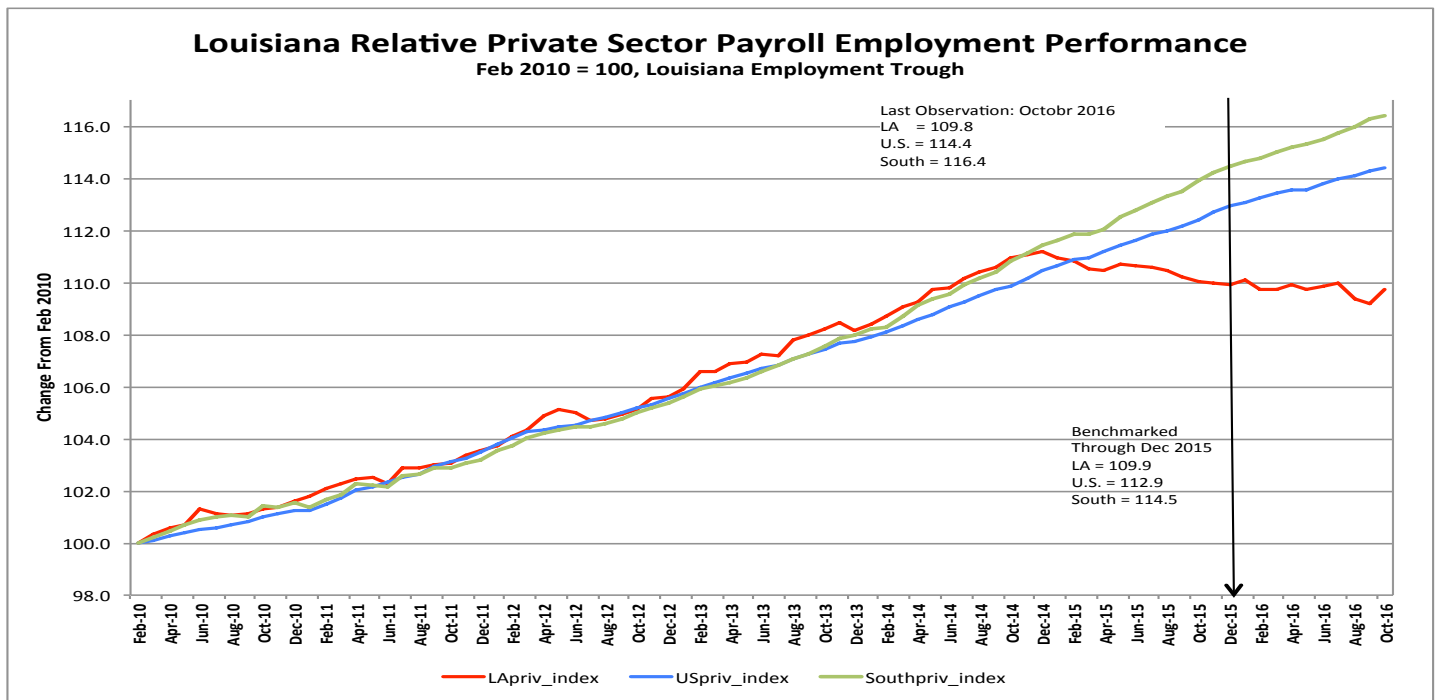
Numerous metrics can be used to compare economic performance across states. Here is displayed one of the more important metrics, total payroll employment; the headline employment measure reported for the national economy and for all states on a monthly basis. The graph above depicts total payroll employment for the state, the nation as a whole, and the South¹ as a whole. In this graph, monthly seasonally adjusted total payroll employment for all three regions is indexed to the month of February 2010, when the state's payroll employment total was at its low point resulting from the 2008-09 national recession. The months subsequent to that trough month reflect the national economic recovery from that recession. The value of each line at any month represents the percent change of that region's total payroll employment from the month of February 2010. By October 2016 the state's total payroll employment was 5.4% greater than in February 2010. By comparison, total payroll employment for the south was 13.3% greater, and for the nation as a whole 11.7% greater.

Of note in this graph is the State's relatively weak total payroll employment performance over most of this period. Over the course of the economic recovery to date, total payroll employment growth in Louisiana has been approximately 59% less than that of the national economy and 59% less than the South. Much of this relatively weaker performance has occurred since energy price declines began in mid-2014, although, as of the state's peak employment month of December 2014 total payroll employment growth in Louisiana had already been approximately 18% less than that of the national economy and 25% less than the South. Since the data for the months of 2016 are based on sample surveys of employers that have not yet been annually benchmarked to a near complete census of employers, and are less reliable than earlier data that has been benchmarked, the growth through December 2015 is also noted in the graph. Through that point in time, the state's total payroll employment was 5.7% greater than in February 2010. By comparison, total payroll employment for the nation as a whole was 10.3% greater, and for the South as a whole 11.6% greater. By that point, total payroll employment growth in Louisiana had been approximately 45% less than that of the national economy, and 51% less than that of the South.

Through 2014, this relatively lagging total performance was largely the result of disproportionately large reductions in government sector payrolls in Louisiana relative to the nation and the South overall. To illustrate this, a graph of private sector payroll growth is included below. However, during 2015 and into 2016 the state's relative performance has deteriorated primarily due to slowing growth in private sector employment resulting from the steep drop in oil and natural gas prices rippling through the state's economy, with absolute employment declines occurring since August 2015.

¹ In all instances the South constitutes the U.S. Department of Labor, Bureau of Labor Statistics southeast region of Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, plus the states of Arkansas and Louisiana.

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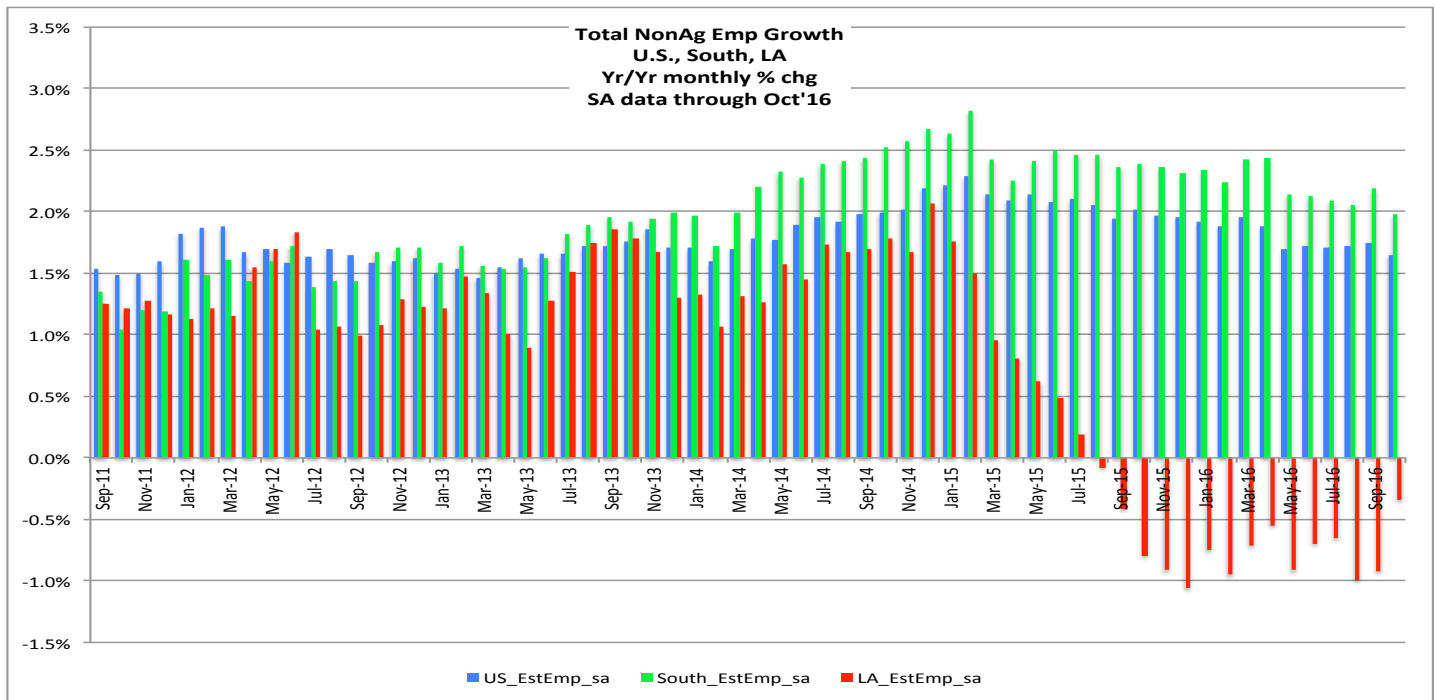


The graph above depicts private sector payroll employment for the state, the South, and the nation as a whole. Government payroll employment has been excluded from all three regions. All other components of this graph are the same as before. Monthly seasonally adjusted private sector payroll employment for all three regions is indexed to the month of February 2010, when the state's payroll employment total was at its low point resulting from the 2008-09 national recession. The months subsequent to that trough month reflect the economic recovery from that recession. The value of each line at any month represents the percent change of that region's private sector payroll employment from the month of February 2010. By October 2016 the state's private sector payroll employment was 9.8% greater than in February 2010. By comparison, private sector payroll employment for the South was 16.4% greater, and for the nation as a whole was 14.4% greater.

Of note in this graph is the fact that over much of this time span the State's private sector payroll employment performance has been comparable to if not better than that of the nation as a whole and the South. However, as of the current point in the national economic recovery, cumulative private sector payroll employment growth in Louisiana has been 32% less than that of the national economy, and 41% less than that of the South. Essentially all of this relatively weaker performance in private sector employment has occurred as the effects of the energy price declines beginning in mid-2014 have been realized. Relative growth performance through December 2015 is also noted in the graph. Through that point of the national recovery, the state's private sector payroll employment performance had been about 23% less than that of the national economy, and about 32% less than that of the South.

It is notable that both Louisiana private sector and total employment have absolutely declined during 2015 and into 2016. While the reliability of monthly data in the current year may be less than that of benchmarked data for months in the previous years, this decline does not appear to be exhibited in the South or the national economy. This decline is largely the result of the steep drop in oil and natural gas prices that began in the summer of 2014 and has extended into 2016. As these negative effects have continued, absolute annual employment declines which began in August 2015 still persist to date.

RELATIVE EMPLOYMENT PERFORMANCE, October 2016



The graph above brings into focus the differences in total payroll employment growth between the state, the nation as a whole, and the South as a whole. The starting point of this graph is more recent than the two preceding graphs, beginning in September 2011, a point when the state's growth out of the economic trough of early 2010 had essentially stabilized. For a three year period, state growth was typically somewhat lower than that of the U.S. and the South, varying around 1% - 1.5% with some modest upward trending. However, beginning in early 2015, six months or so after oil prices began to fall off from their four-year run of \$100+/bbl level, the state's total employment growth began to decline. By August 2015, state employment growth had gone slightly negative and steadily worsened through the end of 2015. While appearing to bottom out by year-end, growth in 2016 is still negative and sustained improvement has yet to occur.

This recent performance contrasts significantly with the South and the U.S. as a whole, both of which stabilized their growth at higher averages than the state and stepped up that growth over the 2014 year. Both broader regions have shown much smaller declines in growth during 2015 and 2016 in comparison to Louisiana. Oil & gas investment spending and production activity has become more important to the U.S. economy overall with the advent of horizontal fracturing, and the decline in that sector has contributed to somewhat lower growth in the U.S. economy. However, that slower growth at the U.S. level meant a relatively stable annual growth rate near 2% through early-2016, and nearly 2.5% in the southern region of the country. These growth averages have stepped down somewhat in the latter months of 2016 to about 1.75% for the U.S. and 2% for the South. In contrast, Louisiana has faced outright contraction for fifteen consecutive months; indicative of how much more important the oil & gas sector and associated sectors are to the state than to the country as a whole, even though very little horizontal fracturing activity actually occurs in the state.